



US Army Corps
of Engineers

Construction Bulletin

No. 97-2 Issuing Office: CEMP-CP Issue Date: 1/31/97 Exp. Date: 31 DEC 1999

CEMP-C

Subject: Increase in Independent Government Estimate (IGE) Requirement Threshold for Construction Modifications

Applicability: GUIDANCE

1. **REFERENCE.** Engineer Acquisition Circular (EAC) 95-2 dated 7 January 1997.

2. **BACKGROUND.** Reference revises the Engineer Federal Acquisition Supplement (EFARS) to add Part 36.203 Government estimate of construction costs, which reads as follows.

a. " (S-100) The Office of the Assistant Secretary of the Army (Research, Development and Acquisition) granted USACE a class deviation (96-DEV-8, dated 02 December 1996) raising the threshold for independent government estimates (IGE) for construction modifications from \$25,000 to \$100,000. An IGE shall be prepared for all construction modifications of \$100,000 or more. An IGE for construction modifications below \$100,000 is optional. This deviation is approved for three years from the above date or until FAR 36.203 is changed, whichever comes first."

3. This change is effective for all USACE construction contracts. Regardless of the value of the modification a price analysis of contractor proposals is required in accordance with FAR Part 15.805-2. A technical analysis of the contractor's proposal to the extent required to determine price reasonableness should also be performed. The Government pricing objective must be documented in the Prenegotiation Objective Memorandum (POM) as required by AFARS Part 15.807. Results of the negotiation shall be documented in detail in the Price Negotiation Memorandum in accordance with AFARS Part 15.808. The requirement for an IGE for construction modifications anticipated to cost less than \$100,000 (absolute value) is at the discretion of the contracting officer (or administrative contracting officer) with the authority to execute the modification. The absolute value is the sum of increases and decreases. For example, a modification resulting from an increase of \$70,000 and a decrease of \$40,000 has an absolute value of \$110,000 and an IGE would be required.

CEMP-CP

SUBJECT: Increase in Independent Government Estimate (IGE) Requirement Threshold for Construction Modifications

4. This deviation was requested by USACE and granted by SARDA to recognize the need for an increased dollar threshold in line with the simplified acquisition procedures (formerly small purchase) threshold. It is a reflection of the ongoing federal acquisition initiatives to streamline the contract administration process. This does not in any way relieve us of the responsibility to assure a fair and reasonable price on all our construction modifications regardless of value.

5. This Construction Bulletin was coordinated with the Office of the Chief Counsel (CECC-C), Engineering Divisions (CEMP-EC and CECW-EC), Operations, Construction and Readiness Division (CECW-OC), and the Principal Assistant Responsible for Contracting (CEPR-ZA).


CHARLES R. SCHROER
Chief of Construction